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February 4, 2014

VIA EMAIL

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
Email address: shareholderproposals@sec.gov

Re: Shareowner Proposal of Myra K. Young to Caterpillar Inc.

Dear Sir/Madam:

I am writing in response to the January 28, 2014 letter (the "Caterpillar Letter") submitted to the Commission by Mr. Christopher M. Reitz on behalf of Caterpillar Inc. ("Caterpillar" or the "Company"), which expresses the Company's intention to omit from its proxy statement for the 2014 annual meeting, a shareowner proposal (the "Proposal") submitted to Caterpillar by me, Myra K. Young. The Proposal requests the Caterpillar Board to hold a competition (the "Competition") for giving advice on the voting items in the 2015 Caterpillar proxy.

The Caterpillar Letter cites Rules 14a-8(i)(3) ('violation of proxy rules'), 14a-8(i)(7) ('ordinary business') and 14a-8(i)(8) ('relates to director elections') as bases for its request for relief from enforcement action. Reasons are given below why I believe the Proposal may not be properly omitted under Rule 14a-8.

Rule 14a-8(i)(3) -- 'violation of proxy rules'

a. Rule 14a-4:

As the Caterpillar Letter points out, the Proposal is different from the otherwise similar proposal in *Costco Wholesale Corporation* (Nov. 20, 2012), which called for only a single check-box for each candidate. Rather, the Proposal suggests that the Board could put "check-boxes for approval, disapproval and abstention for each entry," thus fulfilling SEC proxy rule 14a-4.

The Caterpillar Letter erroneously assumes that the Competition is to decide "who should be the Company's proxy advisor in the coming year." But in fact the Competition would give awards to several competitors (the proposal contemplates four such awards), and would not designate any of them as the "Company's proxy advisor," which could imply endorsement.

Caterpillar appears confused with regard to Rule 14a-4(b)(1), which they say "contemplates that multiple choices are permitted *only* in two instances: 'elections to office and votes to

determine the frequency of shareholder votes cast on executive compensation.” (Emphasis added.)

However, the rule actually reads as follows: “Means shall be provided in the form of proxy whereby the person solicited is afforded an opportunity to specify by boxes a choice between approval or disapproval of, or abstention with respect to each separate matter referred to therein as intended to be acted upon, *other than* elections to office and votes to determine the frequency of shareholder votes on executive compensation pursuant to § 240.14a-21(b) of this chapter.” (Emphasis added.) My proposal fits the “other than” category.

The Caterpillar Letter compares the Proposal's Competition vote with "frequency" votes which choose 1, 2, or 3 years, or abstain. This comparison is flawed. For example, if frequency 2 years is chosen, then frequency 3 years is not chosen. They are mutually exclusive. In the Competition, however, any four competitors could receive awards, or none, or any combination could receive an award. Thus the Competition could be decided by means of the form of proxy required by Rule 14a-4, with its required check-boxes for approval, disapproval and abstention.

b. Rule 14a-2:

As the Caterpillar Letter mentions, proxy rule 14a-2(b)(3) provides exceptions to certain information and filing requirements if, among other things, the "advisor receives no special commission or remuneration for furnishing the proxy voting advice from any person other than a recipient of the advice and other persons who receive similar advice..." However, the remuneration received by advisors in the Competition would be paid only by persons receiving the advice, since the Company and all its shareowners would receive the advice. Therefore, this condition in rule 14a-2(b)(3) would be satisfied.

The Caterpillar Letter points out that a proxy advisor in the Competition might violate proxy rules. That is of course possible, just as in the existing system of proxy advisors hired by investors, a proxy advisor might violate proxy rules. That is why the SEC has procedures for enforcing proxy rules. It does not imply that hiring a proxy advisor is prohibited, whether in a shareowner proposal or not. Thus the Proposal is not contrary to Rule 14a-2, and does not violate Rule 14a-8(i)(3).

Rule 14a-8(i)(7) -- ‘ordinary business’

The three features of the Competition that the Proposal requests do not constitute detailed micro-managing, do not relate to Caterpillar’s ordinary business, and are not mandated. The suggested upper limit of \$50,000 is easy for shareowners to understand, and provides plenty of latitude for the Board to decide the award pool. Shareowners can also easily understand that to keep the proxy advisors independent of the Board is an important governance feature of the proposed Competition. These two conditions serve to maintain that independence: determining Competition winners by shareowner vote on the Caterpillar 2015 proxy, and not letting management screen the entries (thus using an entry fee for that instead).

Commission staff have consistently affirmed that shareowners can vote to decide some governance matters, especially where the Board may have interests diverging from shareowner interests. Examples are deciding whether to have a classified board or to separate the roles of CEO and Board Chair. Choosing which proxy advisors have provided

the most useful information to Caterpillar shareholders is not a task “so fundamental to management’s ability to run a company on a day-to-day basis that (it) they could not, as a practical matter, be subject to direct shareholder oversight.” In fact, it is not part of Caterpillar’s ordinary business at all and deeming it as such would imply Caterpillar is currently in the business of paying proxy advisors for the information they provide to shareholders.

Other features of the Competition, which the proposal gives as examples of what the Board might choose, are not being requested in the Proposal, but are illustrations to aid shareowner understanding. The three features requested by the Proposal are within the scope of matters appropriate for shareowners to decide and do not constitute micro-managing, so the Proposal does not violate Rule 14a-8(i)(7).

Rule 14a-8(i)(8) -- ‘relates to director elections’

As the Caterpillar Letter correctly states, Rule 14a-8(i)(8) as amended in 2010 provides for excluding a shareowner proposal if it “[o]therwise could affect the outcome of *the* upcoming election of directors.” (Emphasis added.) Caterpillar’s upcoming election of directors will be in 2014, conducted via Caterpillar’s 2014 proxy. The Proposal would not pay for proxy voting advice regarding Caterpillar’s 2014 proxy, so it would not affect the outcome of *the* upcoming election of directors. Thus the Proposal cannot be excluded on the basis of Rule 14a-8(i)(8)(v).

Even in Caterpillar’s subsequent election of directors in 2015 (an election which Rule 14a-8(i)(8) does not mention), the Proposal would not change the process of the election. It is merely another way of paying for proxy advice, a practice that is already pervasive in the proxy voting system. By Caterpillar’s line of reasoning, the SEC would grant no-action letters to any proposal to declassify a board or to seek a majority vote requirement for director elections, since such proposals “could affect the outcome” of a “upcoming election of directors.” (Emphasis added.) However, the rule uses the word “the” not the word “a” and does so with good reason. See *Cisco Systems, Inc.* (June 26, 2013).

Conclusion

Based on the foregoing, I respectfully request that the Commission staff not concur with the views expressed in the Caterpillar Letter regarding exclusion of the Proposal from the Caterpillar proxy statement. Please feel free to contact me at (916) 691-9722 with any questions, and direct responses to me via email to jm@corp.gov.net.

Sincerely,



Myra K. Young

cc: Caterpillar Inc. via email: reitz_christopher_m@cat.com and to my husband James McRitchie via email jm@corp.gov.net.